

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 30, 2011
POSITION: Oppose

BILL NUMBER: SB 517
AUTHOR: A. Lowenthal
RELATED BILLS: AB 145 (Galgiani)

BILL SUMMARY: High-Speed Rail Authority: Board Composition

This bill would move the High-Speed Rail Authority (HSRA) to the Business, Transportation, and Housing Agency (Agency), vacate the existing members of the HSRA Board, and increase the Board's membership from 9 members to 10 members by adding the Agency Secretary as a non-voting member. This bill would require future members to have specific expertise or backgrounds, and subject the five members appointed by the Governor to Senate confirmation. This bill would also require the Senate to confirm the executive director selected by the HSRA Board. The Agency Secretary would be responsible for submitting the HSRA's annual budget.

FISCAL SUMMARY

The fiscal impacts of this bill are unknown at this time. This bill could result in increased workload for staff at the Agency and the HSRA to make the transition. The Agency indicates that any costs associated with the movement of the HSRA into the Agency would be minor and absorbable.

Depending on the implementation, there could be a risk that vacating the existing board membership and requiring Senate confirmation for new members could result in project delays, risking failure to meet federal deadlines and the loss of \$3.5 billion in federal funds.

COMMENTS

The Department of Finance is opposed to this bill because requiring Senate confirmation of the Administration's appointees to the HSRA would inappropriately infringe on the rights and powers of the Executive Branch and shift effective control of the HSRA to the Senate. Furthermore, the changes to the Board membership could delay decision making, slow the project, and cause the HSRA to miss the federal deadline and lose federal project funding. While placing the HSRA under the Agency may have some merit, it is unclear how that structure would operate and interface with the specific duties and responsibilities prescribed by the Proposition 1A and current law.

Other Legislation: AB 145 (Galgiani) would also move the HSRA to BTH and would modify its powers and duties, as well as require the HSRA to prepare and adopt a capital expenditure program biennially. AB 145 is currently in the Senate Appropriations Committee, and Finance does not currently have an approved position on it.

Analyst/Principal (0753) M. Robinson	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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BILL NUMBER

SB 517

		SO	(Fiscal Impact by Fiscal Year)						
Code/Department	LA	(Dollars in Thousands)							
Agency or Revenue	CO	PROP							Fund
Type	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014	Code
2665/High Speed	SO	No		-----	See Fiscal Summary	-----			6043
<u>Fund Code</u>	<u>Title</u>								
6043	High - Speed Passenger Train Bond Fund								